

Message Text

LIMITED OFFICIAL USE

PAGE 01 CAIRO 10480 231145Z

ACTION NEA-10

INFO OCT-01 EUR-12 IO-13 ISO-00 EB-07 COME-00 TRSE-00

OPIC-03 AID-05 FRB-03 CIAE-00 DODE-00 PM-04 H-01

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02

SS-15 USIA-06 /099 W

-----056589 231701Z /43

R 231034Z JUN 77

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 6497

INFO AMEMBASSY ABU DHABI

AMCONSUL ALEXANDRIA

AMEMBASSY AMMAN

AMEMBASSY BONN

AMEMBASSY DAMASCUS

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY PARIS

AMEMBASSY SANA

AMEMBASSY TEHRAN

AMEMBASSY TEL AVIV

USMISSION USUN NY

LIMITED OFFICIAL USE CAIRO 10480

E.O. 11652: NA

TAGS: ETRD EG XF

SUBJ: COMMENTS BY FIRMS ABOUT BOYCOTT COMMITTEE DECISIONS

REF: ALEXANDRIA 515

1. SUMMARY. CAIRO REPS OF U.S. FIRMS WITH RESPECT TO WHICH

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CAIRO 10480 231145Z

FAVORABLE ACTION WAS REPORTEDLY TAKEN BY BOYCOTT COMMITTEE

(REFTEL) HAVE OFFERED VARIOUS COMMENTS ON MATTER. MOST INTERESTING

REMARKS WERE FROM MANAGER OF LOCAL BARCLAYS BANK OPERATION,

WHO DISCUSSED FIRM'S APPARENT, THOUGH STILL UNCONFIRMED, RE-

MOVAL FROM BOYCOTT LIST, AND OUTLINED FACTORS HE THOUGHT HAD

BEEN INSTRUMENTAL IN BOYCOTT COMMITTEE DECISION. THESE INCLUDED

COOPERATION ON PART OF EGYPTIAN BOYCOTT AUTHORITIES, AND SPECIAL

CIRCUMSTANCES OF BANK'S ORIGINAL BOYCOTT PROBLEM. A KEY FACTOR APPEARS TO HAVE BEEN DOCUMENTATION BANK PROVIDED ON EXTENT OF ITS COMMITMENTS IN ARAB WORLD. END SUMMARY.

2. GAVIN GREEN, MANAGER OF LOCAL BARCLAYS OPERATION, IN COMMENTING ON REPORTS (REFTEL) THAT BOYCOTT BAN AGAINST BANK HAD BEEN LIFTED, SAID HE WAS OF COURSE VERY PLEASED AT NEWS. HE NOTED, HOWEVER, THAT HE HAD NOT YET RECEIVED ANY FORMAL NOTIFICATION OF BOYCOTT COMMITTEE'S DECISION, AND HE INTENDED TO BE VERY GUARDED IN HIS COMMENTS ABOUT THE MATTER UNTIL HE HAD SEEN A DOCUMENT OF SOME KIND. HE THOUGHT IT POSSIBLE, THOUGH ADMITTEDLY UNLIKELY, THAT SOME LAST MINUTE PROBLEM MIGHT DEVELOP, E.G. THAT REMOVAL FROM BOYCOTT LIST HAD BEEN MADE CONTINGENT UPON SOME UNACCEPTABLE CONDITION.

3. IN DISCUSSING CASE, GREEN CREDITED "ACTIVE COOPERATION" OF EGYPTIAN BOYCOTT OFFICIALS WITH MAJOR ROLE IN (APPARENTLY) SUCCESSFUL OUTCOME. EGYPTIANS REQUESTED, AND BARCLAYS (AFTER SOME URGING BY GREEN) PROVIDED, SUBSTANTIAL DOCUMENTARY "EVIDENCE" TO ENABLE THEM TO MAKE A CASE FOR REMOVAL IN BOYCOTT COMMITTEE FORUM. MAJOR PART OF THIS EVIDENCE CONSISTED OF NOTARIZED STATEMENTS FROM ARAB GOVERNMENTS, FIRMS AND INDIVIDUALS ATTESTING TO LOANS MADE AND VARIOUS OTHER SERVICES PROVIDED BY BANK, IN ORDER TO ESTABLISH EXTENT OF FIRM'S COMMITMENTS IN ARAB WORLD. WITHOUT THIS DOCUMENTATION, GREEN IS CONVINCED, ATTEMPT TO BE REMOVED FROM LIST WOULD HAVE FAILED.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 CAIRO 10480 231145Z

5. GREEN NOTED THAT BOYCOTT ACTION HAD ORIGINALLY BEEN TAKEN AGAINST BARCLAYS PRIMARILY BECAUSE OF ITS PARTICIPATION IN JOINT VENTURE WITH AN ISRAELI BANK. BARCLAYS HAD CONSISTENTLY REFUSED TERMINATE THE ARRANGEMENT AND REMOVAL FROM BOYCOTT LIST HAD BEEN ACHIEVED DESPITE CONTINUATION OF THIS RELATIONSHIP.

5. FACTS OUTLINED BY GREEN RAISE QUESTION OF WHETHER LIFTING OF BOYCOTT SANCTION AGAINST BANK CAN BE CONSIDERED EXAMPLE OF DECISION BASED ON OFTEN-DISCUSSED "PRINCIPLE" THAT A FIRM WHICH WAS BOYCOTTED BECAUSE OF AN INVESTMENT IN ISRAEL COULD BECOME ELIGIBLE FOR REMOVAL FROM LIST BY DEMONSTRATING SUBSTANTIALLY GREATER STAKE IN ARAB WORLD. ASKED ABOUT THIS, GREEN SAID HE THOUGHT ONE COULD NOT EASILY GENERALIZE FROM BARCLAYS CASE.

6. FIRST, GREEN POINTED OUT, BANK'S PRESENT "ISRAELI CONNECTION" RESULTED FROM BARCLAYS' INVOLVEMENT IN PREDECESSOR BANKING OPERATIONS WHICH DATED BACK TO DAYS OF BRITISH MANDATE. ALTHOUGH PRECISE FORM OF PRESENT ARRANGEMENT WITH ISRAELI BANK HAD BEEN WORKED OUT RELATIVELY RECENTLY (1972), IT HAD DEVELOPED OUT OF HISTORICAL PARTICIPATION BY BARCLAYS IN BANKING BUSINESS IN WHAT WAS THEN "PALESTINE." BARCLAYS HAD NOT GONE INTO BANKING AFTER CREATION OF

ISRAEL OR WITH IDEA OF SUPPORTING ISRAELI STATE, AND THIS FACT, ALTHOUGH IT HAD NOT PREVENTED BANK FROM BEING PLACED ON BOYCOTT LIST INITIALLY, WAS VERY MUCH IN ITS FAVOR WHEN CASE WAS RECONSIDERED.

7. GREEN ALSO POINTED OUT THAT BOYCOTT AUTHORITIES HAD GENERALLY BEEN MUCH LESS STRICT IN APPLYING SANCTIONS TO SERVICE FIRMS --BANKS, HOTELS, AIRLINES-- THAN THEY HAD BEEN IN APPLYING THEM TO MANUFACTURERS. MANUFACTURING ENTERPRISES COULD NOT NECESSARILY EXPECT THAT "GREATER INVESTMENT" IDEA WOULD BE AS HELPFUL TO THEM AS IT HAD BEEN TO BARCLAYS.

8. FACT THAT BOYCOTT MEETING TOOK PLACE IN EGYPT, GREEN SAID, WAS A FORTUNATE CIRCUMSTANCE. THIS MADE IT MUCH EASIER FOR LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 CAIRO 10480 231145Z

EGYPTIAN BOYCOTT OFFICIALS TO BE HELPFUL AND TO BRING THEIR INFLUENCE TO BEAR.

9. OTHER FIRMS MENTIONED IN ARTICLE REPORTED REFTEL ALSO COMMENTED ON ACTION BY BOYCOTT COMMITTEE. BANK OF AMERICA REP., WHILE PLEASED WITH FACT THAT BANK HAD BEEN "CLEARED" BY BOYCOTT AUTHORITIES, WAS CONCERNED ABOUT DISTORTED REPORTS WHICH SUGGESTED THAT FIRM HAD BEEN "REMOVED" FROM BOYCOTT LIST, A LA BARCLAYS. GENERAL ELECTRIC REP. NOTED CONFUSION CAUSED BY EUROPEAN RADIO AND PRESS REPORTS THAT BOYCOTT COMMITTEE HAD TAKEN ACTION WITH RESPECT TO GENERAL ELECTRIC OF ENGLAND, WHICH HAS NO CONNECTION WITH U.S. FIRM OF SAME NAME.

10. WE DO NOT KNOW FULL SCOPE OF DECISION MADE AT BOYCOTT MEETING IN ALEXANDRIA OR IDENTITY OF ALL FIRMS POSITIVELY OR ADVERSELY AFFECTED BY BOYCOTT COMMITTEE DECISIONS. HOWEVER, APPARENT HELPFULNESS OF EGYPTIAN DELEGATES AND EVIDENCE, AS IN BARCLAYS CASE, OF SOME DEGREE OF FLEXIBILITY ON PART OF BOYCOTT COMMITTEE AS A WHOLE, APPEAR TO BE POSITIVE DEVELOPMENTS.
EILTS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BOYCOTTS, COMMITTEE MEETINGS, BUSINESS FIRMS
Control Number: n/a
Copy: SINGLE
Sent Date: 23-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977CAIRO10480
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770224-1195
Format: TEL
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770628/aaaaaxyc.tel
Line Count: 156
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: fe5c6078-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 ALEXANDRIA 515
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2060123
Secure: OPEN
Status: NATIVE
Subject: COMMENTS BY FIRMS ABOUT BOYCOTT COMMITTEE DECISIONS
TAGS: ETRD, EG, XF
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/fe5c6078-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009